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ABOUT THIS REPORT

Although this report is largely based on the City's 2021 Annual Comprehensive Financial Report, it is not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Only the financial data for the general government is included in this report and, therefore, all of the City's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of the City's audited 2021 Annual Comprehensive Financial Report, which is prepared in accordance with GAAP, is located at:

https://city.milwaukee.gov/Comptroller/AnnualComprehensiveFinancial



Certain photographs appear courtesy of Visit Milwaukee.

City of Milwaukee, Wisconsin

PRINCIPAL CITY OFFICIALS As of 12/31/2021



Mayor (Acting) Cavalier Johnson



City Comptroller Aycha Sawa



City Treasurer Spencer Coggs



City Attorney Tearman Spencer

Common CouncilCavalier Johnson, President

Dist.		<u>Dist.</u>		<u>Dist.</u>	
1	Ashanti Hamilton	6	Milele A. Coggs	11	Mark A. Borkowski
2	Cavalier Johnson	7	Khalif J. Rainey	12	José G. Pérez
3	Nik Kovac	8	JoCasta Zamarripa	13	Scott Spiker
4	Robert Bauman	9	Chantia Lewis	14	Marina Dimitrijevic
5	Nikiya Dodd	10	Michael J. Murphy	15	Russell W. Stamper, II

A MESSAGE FROM THE COMPTROLLER

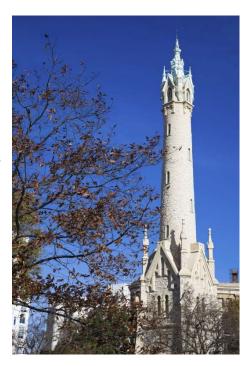
To the Citizens of Milwaukee:

I am pleased to present to you the City of Milwaukee's (the City's) Popular Annual Financial Report for the Year Ended December 31, 2021. This report is intended to increase awareness and transparency of the City's finances throughout the community. As such, this report is written in a manner that will summarize and communicate, in a user-friendly manner, the City's financial condition.

In addition to providing financial information, it is important to demonstrate what makes Milwaukee a great place to live and work. Milwaukee's economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us to demonstrate the role City government is playing in supporting these activities.

Financial information within this report is derived in large part from the City's 2021 independently audited set of financial statements that are prepared in accordance with Generally Accepted Accounting Principles (GAAP). These audited statements are part of the City's 2021 Annual Comprehensive Financial Report.

When elected in April of 2020, I committed to providing City financial information as best and as transparent as possible. Thus, I welcome any feedback, comments, or concerns regarding this report.



Sincerely,

Aycha Sawa, CPA, CIA

Comptroller

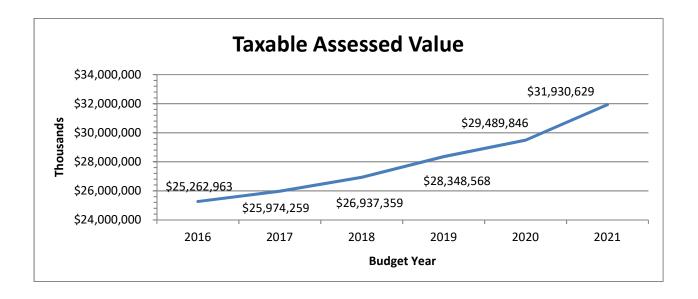
ABOUT MILWAUKEE

Geographically, Milwaukee consists of 96.9 square miles and is situated in the southeast corner of the State with Lake Michigan at its east boundary. It is located approximately 75 miles east of the State capital, Madison. Milwaukee is the 31st largest city in the United States with a 2021 Wisconsin Department of Administration estimated population of 587,976. It is also the largest city in the State, and Wisconsin's main cultural and economic center.

Milwaukee is the economic hub of the southeast region and the entire state of Wisconsin. It is a premier center for advanced manufacturing, fresh water research and development, clean and green technology, health care, biomedical technology, and financial services. Milwaukee's transportation system is a gateway for tourism, conventions, commerce, business growth, and economic development.

Economic Outlook

After a 5 year period of decreases from 2009 through 2014, property values have begun to increase. Over the subsequent period from 2016 to 2021 property values have grown at a compound annual growth rate of 3.3% as shown in the chart below.



Milwaukee is undergoing a remarkable revitalization including a downtown building boom. BMO Harris completed a new 25 story office tower across from City Hall on Wells Street. The Couture high rise construction has begun along Milwaukee's lakefront. The project will include a 44-story, \$188 million mixed-use development with apartments and retail. Northwestern Mutual has changed the City's skyline with the construction of a 32-story office tower, as well as a 33-story upscale apartment tower. The office tower, at one million square feet, is the largest office structure in the state of Wisconsin.

In addition, the Milwaukee Bucks have driven development with their new arena. They created the Deer District, an entertainment destination just east of the arena, with an outdoor plaza and plenty of amenities.

On the Kinnickinnic River, Michels, an energy and infrastructure contractor, continues construction of their \$100 million development. Phase one, now completed, consists of an eight story office building housing their infrastructure division headquarters. Future phases include plans for an apartment building, hotel, and two additional office buildings.

Komatsu Mining is constructing a new \$285 million headquarters and manufacturing facility in the City's Harbor District. The company began moving operations to the new campus in 2021 and expects to be finished in 2022.

The City continues to invest in its neighborhoods. City resources contributed to the creation of 278 new housing units, improvements to 279 existing housing units, and assisted 213 individuals to purchase a home.

The City also continues to advance the vitality of the neighborhood commercial corridors. The City's Commercial Corridor team provided 76 revitalization grants totaling more than \$1 million to businesses and commercial properties throughout the City. These investments helped launch 26 new businesses, expand 20 business, and improve a dozen business sites throughout the City.



THE BUDGET AND PLANNING PROCESS

Effective financial planning begins with objectives and identifies factors that pose challenges and opportunities to structural budget balance. The two primary financial objectives are:

- 1. Provide mission-critical city services through annual budgets that limit the impact of tax levy and municipal service charges; and
- 2. Manage long-term obligations in a manner that stabilizes ongoing funding requirements and minimizes transfer of costs to future generations.

Budget Calendar



WHERE DOES OUR MONEY COME FROM?

Like all governments, the City must raise funds to pay for the services that it provides to its citizens and businesses. These sources of funds, referred to as revenue, are raised through taxes, charges for services, State aids (State revenue shared with the City), and grants (funds from others for specific purposes).

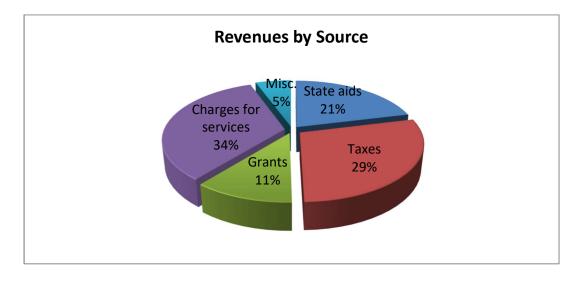
Revenues by Source – Government & Business-type Funds

(in thousands)

	2021	Percentage of
<u>Category</u>	<u>Amount</u>	<u>Total</u>
Charges for services	\$435,452	34%
Taxes	369,565	29%
State aids	273,422	21%
Grants	143,332	11%
Miscellaneous	72,058	5%
Total revenues	\$1,293,829	100%

Miscellaneous revenue comprises 5% of the City's total revenue. Types of revenue that fall into this category include interest and investment income, licenses and permit fees, fines and forfeitures, private donations to the City for specific purposes such as Library improvements, Employees Retirement System reimbursement, and proprietary funds' non-operating revenue.

The pie chart below shows the City's revenues by source for 2021.



HOW IS OUR MONEY SPENT?

The City uses its revenues to provide a wide array of services. Public safety is, by far, the largest cost, comprising 47% of total governmental activities.

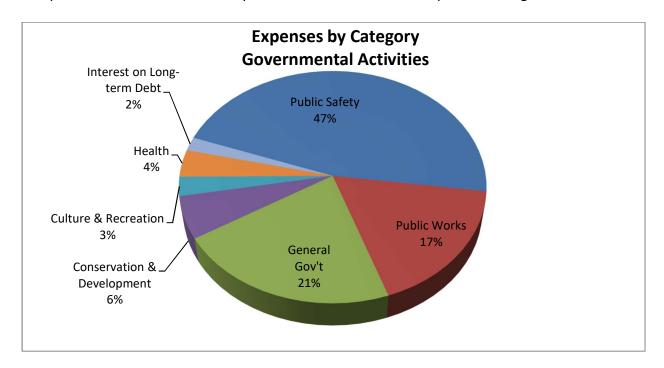
Expenses by Category – Government & Business-type Funds (in thousands)

	2021	Percentage of
Catanana		
<u>Category</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities		
Public Safety	\$624,406	47%
General Government	290,849	21%
Public Works	234,986	17%
Conservation & Development	78,832	6%
Health	50,530	4%
Culture & Recreation	35,827	3%
Interest on Long-term Debt	25,627	2%
Total governmental	1,341,057	100%
Business-type Activities		
Water	85,287	36%
Sewer Maintenance	61,147	26%
MMSD User Charges*	54,375	23%
Transportation	28,375	11%
Port of Milwaukee	10,184	4%
Total business-type	239,368	100%
Total expenditures	\$1,580,425	

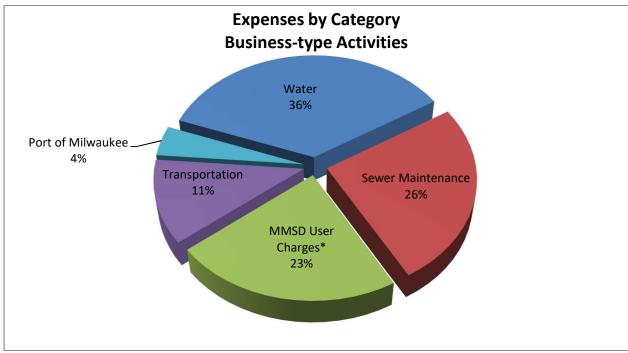
^{*}MMSD refers to the Milwaukee Metropolitan Sewerage District

The expenses shown in the table above include future liabilities not funded with current revenues. Significant examples of these liabilities include the Other Postemployment Benefit (OPEB) liability and the Pension liability, which are determined by actuarial valuation reports. OPEB refers to benefits offered to retirees other than pension. The City provides OPEB to its retirees for health and life insurance. These liabilities are allocated amongst all governmental activities. Current year fringe benefit costs, such as health and dental insurance, long term disability insurance, and workers' compensation for all governmental activities are stated in the general government figure.

The pie chart below shows the City's Governmental Activities Expenses during 2021.



The pie chart below shows the City's Business-type Activities Expenses during 2021.



^{*}MMSD refers to the Milwaukee Metropolitan Sewerage District

WHAT SERVICES DOES OUR MONEY PAY FOR?

The table below identifies some of the services the City provided during 2021 and 2020.

Government Activities	<u>2021</u>	<u>2020</u>
Public Safety		
Courtroom cases	15,865	19,908
Police dispatches	279,818	271,350
Traffic citations	53,957	41,524
Fire medical emergency assists	70,740	67,559
Fires extinguished	2,120	2,241
Building inspection complaints	46,085	39,414
Building inspection orders	33,752	31,488
Public Works		
Miles of street paved	17.0	23.3
Tons of asphalt patching	12,784	12,794
Tons of refuse/recycling collected	299,065	303,414
Health		
Food inspections	6,391	3,957
Immunizations	220,190	4,818
Culture & Recreation		
Library hours of operation	25,269	17,520
Collections size	2,359,441	2,771,656
Public computers	969	527
Conservation & Development		
New housing units	646	782
Business-type Activities		
Millions of gallons of water sold	27,234	27,179
Port metric tonnage handled	2,348,419	2,812,008

THE CITY'S NET POSITION

The Government-wide Balance Sheet, known as the Statement of Net Position, presents information on the City's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position serve as an indicator of the City's financial position and of the results of the City's operations.

Changes in Net Position – Governmental & Business-type Funds

(in thousands)

	<u>2021</u>	<u>2020</u>
Our Assets - What We Have		
Noncapital Assets: consists mainly of cash and amounts owed to the City	\$ 1,271,738	\$ 1,251,033
Capital Assets: consists of land, buildings, equipment, vehicles, infrastructure,		
improvements, and Construction in Progress	2,639,422	2,620,941
Total Assets of the City	3,911,160	3,871,974
Deferred Outflows of Resources: represents a consumption of resources that		
applies to future periods		
Loss on refunding	-	-
Deferred outflows for pensions	270,556	434,362
Deferred outflows for OPEB	271,863	325,026
Our Liabilities - What We Owe		
Liabilities: consists of amounts that the City expects to pay		
Long-term liabilities	4,236,574	4,261,921
Other liabilities (i.e. accounts & notes payable, accrued expenses)	524,809	369,324
Total Liabilities of the City	4,761,383	4,631,245
Deferred Inflows of Resources: represents an acquisition of resources that		
applies to future periods		
Gain on refunding	3,546	1.176
Deferred inflows for grants	3,340	42
	202.009	·
Deferred inflows for pensions & OPEB	302,098	325,012
Subsequent year's property taxes	361,606	362,345
Net Position		
Net investment in capital assets: cost of capital assets less depreciation	1,764,461	1,716,713
Restricted: amounts that are restricted for specific purposes	230,293	229,196
Unrestricted (Deficit): amounts available for any decided-upon purpose	(2,969,808)	(2,634,367)
Total Net Position	\$ (975,054)	\$ (688,458)

Total net position at the close of fiscal year 2021 was \$(975) million, a 42% decrease compared to the 2020 total of \$(688) million. This decrease is due mainly to the increase in the amount due to the Federal Government for receipt of American Rescue Plan Act funds not yet expended.

The City is required to record unfunded pension and OPEB liabilities. The unfunded liability is the difference between amounts of capital held and the present value costs of future benefits owed. The amounts are determined by an actuarial valuation. Many factors are considered when determining the valuation such as future estimated health insurance costs, mortality rates, and employee population size. In addition, the performance of plan assets held in various investment funds is also considered. The actuarial valuation resulted in an increase of \$77 million in the pension liability. The OPEB liability decreased slightly in 2021 as the plan has now been closed to new general city employees since 2017.

SUMMARY OF CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2021 was \$2.6 billion, an increase of \$18 million over 2020. The investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furnishings, and construction in progress. The net investment in capital assets shown in the Changes in Net Position section of this report reduces the investment in capital assets shown below by debt issued to fund capital asset purchases.

Capital Assets – Governmental & Business-type Funds

(in thousands)

<u>Category</u>	<u>2021</u>	<u>2020</u>
Land	\$ 185,747	\$185,903
Construction-in-Progress	182,267	170,840
Buildings	524,045	521,358
Infrastructure	3,259,551	3,208,436
Improvements other than buildings	27,078	23,594
Machinery & equipment	598,710	586,656
Nonutility property	3,918	3,918
Accumulated depreciation	(2,141,894)	(2,083,764)
Total Capital Assets	\$2,639,422	\$2,620,941

LONG TERM OBLIGATIONS

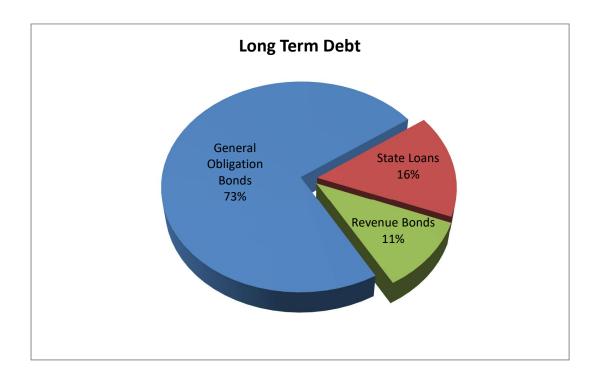
At year-end, governmental activities had long-term obligations of \$3.8 billion. Of this amount, \$129 million is due within one year. The long-term obligations include debt, other postemployment benefits, net pension liability, claims & judgements, and compensated absences.

Long-term Obligations – Governmental & Business-type Funds (in thousands)

		Amount
	As of	Due
	December 31,	Within
	2021	One Year
Governmental Activities:		
General obligation bonds	\$ 1,109,251	\$98,586
Unamortized premiums	82,652	-
Compensated absences	44,376	28,505
Other post-employment benefits	1,600,060	-
Pension liability	897,466	-
Claims & judgements	87,386	1,425
Total Governmental Activities	\$ 3,821,191	\$128,516
Business-type Activities		
General obligation bonds	\$ 27,834	\$ 3,324
Unamortized premiums	223	-
State loans	245,242	15,759
Revenue bonds	166,190	7,870
Unamortized premiums	20,471	-
Compensated absences	3,424	3,424
Other post-employment benefits	80,494	-
Pension liability	30,398	
Total Business-type Activities	\$ 574,276	\$ 30,377

As of December 31, 2021, the City owed \$1.14 billion in general obligation bonds and notes, \$245 million in State loans, and \$166 million in revenue bonds outstanding. The general obligation bonds and notes are backed by the full faith and unlimited taxing power of the City, while the revenue bonds and State loans are backed by specific fee revenues.

The pie chart below shows the composition of the City's outstanding general obligation bonds and notes, State loans, and revenue bonds as of December 31, 2021.



FUND BALANCE

The following are descriptions of the City's fund balance classifications:

Nonspendable Fund Balance – This includes amounts that cannot be spent because they are (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of these would be inventory and prepaid assets.

Restricted Fund Balance – This includes amounts that are restricted to specific purposes stipulated by (a) external creditors, grantors, contributors, or State and Federal laws and regulations or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the City's highest level of decision making authority which is the Common Council. Once adopted by resolution, a resolution can only be revised or removed by adoption of a new resolution.

Assigned Fund Balance – This includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made directly by formal action of the Common Council.

Unassigned Fund Balance – This amount is the residual classification for the general fund. This classification represents fund balance that has not been assigned to others and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City's General Fund, fund balance was \$176 million as of December 31, 2021, a decrease of \$12 million or 6% compared to prior year. The decrease was due to the increase in overall expenditures and employment costs. While revenue increased it was not at the same rate as the increase in expenditures.

Fund Balance - General Fund

(in thousands)

<u>Category</u>	<u>2021</u>	<u>2020</u>
Nonspendable	\$23,377	\$21,206
Restricted	-	-
Committed	122,337	123,007
Assigned	21,610	27,220
Unassigned	9,081	16,959
Total Fund Balance	\$176,405	\$188,392

This summary of financial data is designed to provide our citizens, taxpayers, customers, investors, and creditors with an overview of the City's finances and to demonstrate the City's accountability for the taxes and other funding received. If you have questions about this report or need additional financial information, please contact:

City of Milwaukee Comptroller's Office 200 East Wells Street Milwaukee, WI 53202 414-286-3321